
Introduced by Senator Leyva

February 25, 2015

An act to amend Section 10168.4 of the Insurance Code, relating to annuities.

LEGISLATIVE COUNSEL'S DIGEST

SB 426, as introduced, Leyva. Annuities: cash surrender benefits.

Existing law governs annuities and, for those insurance contracts that provide cash surrender benefits, prescribes the cash surrender benefit available prior to maturity. Existing law also requires the death benefit under these contracts to be at least equal to the cash surrender benefit.

This bill would instead require the death benefit payable under contracts issued to persons 65 years of age or older to be at least equal to the annuity value or accumulation value without any surrender charges or penalties upon death.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 10168.4 of the Insurance Code is
- 2 amended to read:
- 3 10168.4. For contracts which provide cash surrender benefits,
- 4 ~~such~~ *the* cash surrender benefits available prior to maturity shall
- 5 not be less than the present value as of the date of surrender of that
- 6 portion of the maturity value of the paid-up annuity benefit which
- 7 would be provided under the contract at maturity arising from
- 8 considerations paid prior to the time of cash surrender reduced by
- 9 the amount appropriate to reflect any prior withdrawals from or

1 partial surrenders of the contract, ~~such~~ *the* present value being
2 calculated on the basis of an interest rate not more than 1 percent
3 higher than the interest rate specified in the contract for
4 accumulating the net considerations to determine ~~such~~ *the* maturity
5 value, decreased by the amount of any indebtedness to the company
6 on the contract, including interest due and accrued, and increased
7 by any existing additional amounts credited by the company to the
8 contract. ~~In no event shall any~~ *The cash surrender benefit shall not*
9 *be less than the minimum nonforfeiture amount at that time. The*
10 *death benefit under such these contracts shall be at least equal to*
11 *the cash surrender benefit. benefit, except that the death benefit*
12 *payable under contracts issued to persons 65 years of age or older*
13 *shall be at least equal to the annuity value or accumulation value*
14 *without any surrender charges or penalties upon death.*